

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, May 15, 2013 – 2:00 p.m. – Room 445 State  
Capitol

**Members Present:**

Sen. Deidre M. Henderson, Senate  
Chair Rep. Ryan D. Wilcox, House  
Chair Sen. Gene Davis Sen.  
Howard A. Stephenson Sen. John L.  
Valentine Rep. Stewart Barlow Rep.  
Joel K. Briscoe Rep. Rebecca  
Chavez-Houck Rep. Tim M.  
Cosgrove Rep. James A. Dunnigan  
Rep. Steve Eliason Rep. Francis D.  
Gibson Rep. Eric K. Hutchings Rep.  
Michael S. Kennedy  
Rep. Jim  
Nielson Rep.  
Val L. Peterson  
Rep. Dixon M.  
Pitcher Rep.  
Jon E. Stanard

Rep. Earl D.  
Tanner

**Members Absent:**

Sen. Curtis S.  
Bramble Rep.  
John R.  
Westwood

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Mr. Bryant R. Howe, Assistant  
Director Ms. Rebecca L. Rockwell,  
Associate General Counsel Ms.  
Samantha Coombs, Legislative  
Secretary

**Note:** A list of other present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Wilcox called the meeting to order at 2:06 p.m. Sen. Bramble and Rep. Westwood were excused from the meeting.

**MOTION:** Rep. Gibson moved to approve the minutes of the November 14, 2012, meeting. The motion passed unanimously with Sen. Stephenson, Rep. Hutchings, and Rep. Tanner absent for the vote.

Mr. Dean summarized <sup>a</sup>Utah State Tax Commission Revenue Summary: 10 Months FY 2012-13.<sup>o</sup>

**2. Interim Study Items**

Members of the committee discussed topics that they would like the committee to study over the interim.

Rep. Nielson provided the history surrounding Master Study Item #175, "Sales Tax Distribution," and summarized the issues regarding sales and use tax distribution and municipal finance that need further study by the committee.

Rep. Kennedy introduced Mr. Lawrence D. Hilton, Esq., Utah Precious Metals Association, to the committee. Mr. Hilton highlighted Master Study Item #168, "Legal Tender," and encouraged the committee to study and address concerns regarding specie legal tender, including issues related to a property tax exemption, income taxes, and regulations for repositories. Mr. Lawrence distributed <sup>a</sup>Specie Legal Tender Interim Study Topics: Revenue and Taxation<sup>o</sup> to members of the committee.

Rep. Pitcher reviewed Master Study Item #171, <sup>a</sup>Privilege Tax,<sup>o</sup> and explained that research is needed to address the privilege tax statute and the circumstances under which the privilege tax may be imposed.

Ms. Rockwell explained some options for addressing the concerns presented by Rep. Pitcher. She also informed the committee of pending litigation regarding the privilege tax.

Rep. Briscoe reviewed Master Study Item #178, <sup>a</sup>Tax Credits for Employing the Homeless,<sup>o</sup> and explained that the issue has been a work in progress for the past two years. He said that additional study is needed to address some concerns.

Rep. Cosgrove referred to the Utah Data Book, produced by the Office of Legislative Research and General Counsel, and asked the committee to study its long-term projections for appropriating funds for infrastructure projects and the challenges this presents.

Chair Wilcox presented the goal of simplifying the tax code, and explained that a copy of the Utah Tax Code will be displayed during each interim meeting as a reminder to members of the committee of that goal.

### **3. Taxes for Public Education Funding**

Mr. Dean distributed <sup>a</sup>How Are Utah Schools Funded?<sup>o</sup> and gave a presentation on how public education is funded in Utah. Mr. Dean reviewed income and property taxes and how those revenue sources interact in the school minimum basic program.

Rep. Briscoe asked Mr. Dean to expound on the 1996 change to the Utah Constitution to shift some of the tax revenue from public K-12 institutions to higher education institutions. Rep. Briscoe also asked for clarification about the growth of local and special district use of property taxes.

Sen. Stephenson provided a history of school districts in Utah and the inequities that have resulted because of the way the current system is structured. He proposed that the committee look at the structure and determine if there is a better way the Legislature can address those inequities.

Rep. Gibson inquired if committee staff has a list of the school districts that have met the statutory caps for levies. He explained that it can be frustrating to have some school district residents taxed at the highest level possible, while other districts are not taxing their residents at the highest statutory level, and yet there is still a need for more revenue to fund public education.

Rep. Tanner expressed interest in knowing how much each school district spends per student, after combining all sources of revenue before offsets and other special circumstances are taken into consideration.

### **4. Utah Tax Burden Study**

Mr. Dean and Mr. Howe presented to the committee <sup>a</sup>Who Pays Taxes in Utah?<sup>o</sup> The presentation focused on the tax burden of Utah households. Committee staff distributed the briefing paper <sup>a</sup>Who Pays Taxes in Utah?: The Distribution of the Tax Burden in Utah<sup>o</sup> to members of the committee.

Mr. Howe explained the importance of the design of a tax system. He reviewed the concepts of vertical and horizontal equity.

Mr. Dean briefed the committee on tax incidence and emphasized that households bear the economic burden of all taxes, including business taxes. He informed the committee that the tax incidence study found that the total tax burden imposed directly on Utah households is generally progressive, largely due to the federal individual income tax. The study also found that the state and local tax burden imposed directly on Utah households is proportional through most middle income ranges, but regressive at higher and lower income levels.

## **5. Other Items/Adjourn**

**MOTION:** Rep Nielson moved to adjourn. The motion passed unanimously with Sen. Davis, Rep. Chavez-Houck, Rep. Dunnigan, Rep. Peterson, and Rep. Pitcher absent for the vote.

Chair Wilcox adjourned the meeting at 4:23 p.m.